

Exhibit L



STATE OF NEW YORK
ELDERLY PHARMACEUTICAL INSURANCE COVERAGE PROGRAM

P.O. BOX 15091

ALBANY, NEW YORK 12212-5091

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Commissioner of Health
EPIC Panel Co-Chair

Walter G. Hoefer, Director
Office for the Aging
EPIC Panel Co-Chair

July 28, 2000

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Mr. Joseph Larosa
Schering Corporation
2000 Galloping Hill Road
Kenilworth, NJ 07033

RECEIVED

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FINANCIAL SERVICES

Dear Manufacturer Legal Contact:

Recent legislative amendments to Section 547 of the New York State Executive Law have significantly expanded New York State's Elderly Pharmaceutical Insurance Coverage (EPIC) Program. Fees that low and moderate-income seniors pay for coverage were reduced, and seniors with higher incomes will be eligible to join a new deductible plan designed for those with high drug costs. Projections are that through March 2003, the State's cost share will increase by 50%, and an additional 95,000 seniors will have enrolled in the program.

The legislation also changes the manufacturers rebate calculation. Consequently, in order to continue on EPIC's covered drugs listing, your firm will be asked to execute an amendment to EPIC's existing rebate agreement with your firm. However, not all manufacturers' unit rebate liability will be impacted by the legislation. As described in greater detail below, when a drug's Average Manufacturer Price (AMP) is increased over a certain period of time at a percentage equal to or less than the corresponding increase in Consumer Price Index for all Urban Consumers (CPI-U), the manufacturer's unit rebate liability is not affected by this revised legislation.

The amendment to the rebate agreement is currently being developed and will be forwarded to you for execution when finalized. In the interim, we would like to apprise you of how the legislation will affect your current rebate operations.

For all covered drugs and rebate periods beginning on or after October 1, 2000, the current (basic) rebate will be increased by an additional rebate whenever the percentage increase in AMP exceeds the corresponding percentage increase in CPI-U over a certain period of time, as explained below:

1. The AMP for each dosage form and strength of a covered drug shall be compared to the AMP for the same drug for the Base Quarter and a percentage increase shall be calculated. **The initial Base Quarter is the calendar quarter beginning October 1, 1998.** This shall be updated by twenty-four (24) months biennially. For drugs approved after the first day of the Base Quarter, the calendar quarter after the day on which the drug was first marketed shall be substituted for the Base Quarter.

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2. The CPI-U for the month before the rebate quarter shall be compared to the CPI-U for the Base CPI-U Month and a percentage increase shall be calculated. **The initial Base CPI-U Month shall be September 1998.** This shall be updated by twenty-four (24) months biennially. For drugs approved after the first day of the Base Quarter, the month prior to the first month of the first full calendar quarter after the day on which the drug was marketed shall be substituted for the Base CPI-U Month.
3. If the calculation in #1 is greater than the calculation in #2, the additional rebate amount per unit for each quarter shall be equal to the product of the difference between the calculations in #1 and #2, multiplied by the AMP for the Base Quarter. (If the calculation in #1 is less than or equal to the calculation in #2, the additional rebate is set to zero.)

The total unit rebate amount for each covered drug will be the sum of the current (basic) unit rebate amount plus the additional CPI-U unit rebate amount calculated in #3 above. Again, this change is effective for rebate quarters beginning on or after October 1, 2000.

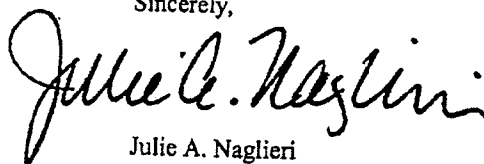
The legislation also provides that the rebate agreement contain provisions for damages to the program for any delay or nonproduction of necessary data by the manufacturer. We anticipate this change will only affect a very few manufacturers who habitually furnish pricing data inconsistent with the terms of the rebate agreement, without good cause.

As noted, a standard contract amendment incorporating these changes is currently being developed, and will be forwarded to you within the next several weeks. It will be necessary for your firm to sign and return the amendment in order to continue having your products covered by EPIC. If you are not the current legal contact for your firm, please notify us as soon as possible. This will expedite processing the amendment and ensure uninterrupted coverage of the firm's products. **This information may be faxed to Steve Abbott at (518) 452-6882.**

We appreciate your support of the EPIC Program that has traditionally allowed many of New York State's lower income seniors to obtain prescription drugs they otherwise could not afford. Now, significantly more seniors will be able to afford their prescription medications, which is sure to increase EPIC utilization of your products. Signing and returning the amendment when you receive it will ensure continued availability of your products to the record number of seniors enrolling in the program.

Should you have any questions or require additional information, please contact Steve Abbott or Denis Dulin at (518) 452-6826.

Sincerely,



Julie A. Naglieri
Director

cc: Manufacturer's Financial Contact

HIGHLY CONFIDENTIAL

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